



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 7, 2004

TO: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **CHILD AND FAMILY GUIDANCE CENTER CONTRACT REVIEW**

We have completed a contract compliance review of Child and Family Guidance Center (Agency), a Department of Mental Health Services (DMH) service provider. It included a review of the Agency's billings to DMH for April and May 2004. This review is part of the Auditor-Controller's Centralized Contract Monitoring Pilot Project.

Background

The Department of Mental Health (DMH) contracts with the Child and Family Guidance Center, a private, non-profit, community-based organization, which provides services to children and their parent(s) primarily located in Service Planning Areas (SPAs) 1 and 2. Services include interviewing program participants, assessing their mental health needs, and developing and implementing a treatment plan. Our review focused on the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) service, which is Medi-Cal's comprehensive and preventive child health program for individuals under the age of 21. The EPSDT billable services include Mental Health Services, Medication Support Services, Targeted Case Management, and Crisis Intervention. The Agency's headquarters is located in the Third District.

For our review period, DMH paid the Agency between \$1.57 and \$3.92 per minute of staff time (\$94.20 and \$235.20 per hour). For Fiscal Year 2003-04, DMH paid the Agency approximately \$12.2 million in EPSDT funds.

Purpose/Methodology

The purpose of the review was to determine whether the Agency was providing the services outlined in their contract with the County. We also evaluated whether the

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Agency achieved contracted service and staffing levels. Our monitoring visit included a review of a sample of the Agency's billings, participant files, and personnel and payroll records. We also interviewed staff from the Agency and interviewed a sample of the participants' parents, legal guardians, or social workers.

Results of Review

Overall, the Agency is providing the services outlined in the County Contract. The Agency used qualified staff to perform the services, and the participants' parents, legal guardians, or social workers interviewed stated the program services met their expectations. We also determined that participants were eligible to receive services.

However, for 1,113 (13%) minutes of the 8,532 minutes sampled, the Agency over billed DMH. The over billings totaled approximately \$1,600. The Agency subsequently submitted correcting adjustments to DMH for the over billings. In addition, the Agency did not maintain sufficient documentation for 429 (5%) minutes of the 8,532 minutes sampled to support the provision of services billed to DMH.

We have attached the details of our contract compliance review, along with recommendations for corrective action.

Review of Report

On October 12, 2004, we discussed the results of our review with the Agency who agreed with our findings. In their attached response, the Agency indicates the actions it has taken to implement the recommendations contained in this report. We also notified DMH of the results of our review.

We thank Child and Family Guidance Center management for their assistance and cooperation during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

c: David E. Janssen, Chief Administrative Officer
Department of Mental Health
Dr. Marvin J. Southard, Director
Susan Kerr, Chief Deputy Director
John Hatakeyama, Deputy Director, Children's System of Care
Roy Marshall, President and CEO, Child and Family Guidance Center
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

**CENTRALIZED CONTRACT MONITORING PILOT PROJECT
EARLY AND PERIODIC SCREENING, DIAGNOSTIC, AND TREATMENT SERVICE
FISCAL YEAR 2003-2004
CHILD AND FAMILY GUIDANCE CENTER**

BILLED SERVICES

Objective

Determine whether the Child and Family Guidance Center (Agency) provided the services billed in accordance with their contract with DMH.

Verification

We sampled 8,532 service minutes from 1,031,933 service minutes that the Agency billed DMH for April and May 2004 and reviewed the participant files for documentation to support the services billed.

Results

For 1,113 (13%) minutes of the 8,532 minutes sampled, the Agency over billed DMH. Specifically, we noted the following:

- For 600 minutes, the progress note indicated that Agency staff provided 10 minutes of service. Child and Family Guidance Center management indicated that data entry staff inadvertently entered the billing as 10 hours rather than 10 minutes.
- For 513 (6%) minutes of the 8,532 minutes sampled, the Agency billed DMH using a higher rate than allowed by the County contract. The Agency provided 513 minutes of Mental Health Services with a reimbursement rate of \$1.93 per minute, but billed DMH using the higher Crisis Intervention rate of \$3.23 per minute.

The amount that the Agency over billed DMH totaled \$1,593. The Agency subsequently submitted correcting adjustments to DMH for the inappropriate billings.

The Agency also did not maintain sufficient documentation for 429 (5%) minutes billed to DMH. Specifically for two notes totaling 429 minutes, the Agency billed DMH for providing service but the progress note did not describe what was attempted and/or accomplished by the client or service staff towards the client's goals, as required by the County contract. In addition, one of the two billings was for multiple staff performing services simultaneously to one client, but the progress note did not describe the specific contribution of each staff. The amount of services that the Agency did not sufficiently document totaled \$890.

Recommendations

The Child and Family Guidance Center management:

1. Ensure that staff follows its controls to detect and correct data entry errors that may result in billing DMH incorrect amounts.
2. Use the appropriate rates to bill DMH.
3. Maintain sufficient documentation to support its billings to DMH.

CLIENT VERIFICATION**Objectives**

Determine whether the program participants actually received the services that the Agency billed DMH and whether participants were eligible to receive services.

Verification

We sampled 10 program participants and interviewed their parent, legal guardian, or social worker to confirm that the participants are clients of the Agency and that they received the services that the Agency billed DMH. We also reviewed documentation in the participant files to determine whether participants were eligible to receive services.

Results

Each parent, guardian, or social worker we contacted indicated that his or her child was a client of the Agency. Documentation in the case file supports the participants' eligibility. In addition, the individuals we contacted stated they were satisfied with the services that the Agency provided their child.

Recommendations

There are no recommendations for this section.

STAFFING LEVELS**Objective**

Determine whether current staffing levels are consistent with the amount indicated in the County contract.

Verification

We reviewed the Agency's Payroll Register and staff allocation report for May 2004 and compared them with the staff level indicated in the contract.

Results

We verified that the Agency maintained the staffing level indicated in its contract with DMH.

Recommendations

There are no recommendations for this section.

STAFFING QUALIFICATIONS**Objective**

Determine whether the Agency's staff meets the qualifications required by the DMH contract.

Verification

We selected 10 Child and Family Guidance Center treatment staff and reviewed each staff's personnel file for documentation confirming their qualifications. In addition, we reviewed the qualifications of each staff person that performed the service in our sample of billed services.

Results

Each staff sampled possessed the required education, work experience and licensure identified in DMH's contract.

Recommendations

There are no recommendations for this section.

SERVICE LEVELS**Objective**

Determine whether the Agency's reported services for Fiscal Year (FY) 2003-04 did not significantly vary from contracted service levels.

Verification

We obtained a report of EPSDT billings from the State Explanation of Balances (EOB) data for FY 2003-04 and compared it with the Agency's total EPSDT contracted level of service identified in the contract for the same period.

Results

Our review of recorded payments by DMH disclosed that the Agency did not deviate significantly from its contracted service levels. For FY 2003-04, the Agency's contracted service levels for EPSDT funded services were approximately \$13.3 million and the actual EPSDT services paid through September 2004 was approximately \$12.2 million. However, as previously noted, the review identified issues concerning the adequacy of the Agency's documentation to support the reported services.

Recommendations

There are no recommendations for this section.



www.childguidance.org

November 24, 2004

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Mr. J. Tyler McCauley
Los Angeles County Auditor Controller
500 West Temple, Room 525
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Dear Mr. McCauley;

Re: Response to audit-controller's Contract Review.
Centralized Contract Monitoring Pilot Project

We are pleased at the overall excellent findings contained in the audit controllers report. We are satisfied that the auditor controller found that the Child and Family Guidance Center provides the services outlined in our County Contract, without significant variation from contracted service levels, that the agency uses qualified staff to perform these services and that the participants' parents, legal guardians or social workers confirmed that the services provided met their expectations. We are also pleased that the audit controller found that the Child and Family Guidance Center maintains the staffing levels indicated in the contract.

We would like to thank the auditors for their positive attitudes, professional conduct, and helpfulness in answering our questions through out the audit process. We would like to respond to the three issues raised by the auditors regarding Billed Services.

Billed Services:

Issue 1: For 600 minutes, the progress note indicated that Agency Staff provided 10 minutes of service. Child & Family Guidance Center management indicated that data entry staff inadvertently entered the billing as 10 hours rather than 10 minutes

Recommendation: Ensure that staff follows its controls to detect and correct data entry errors that may result in billing DMH incorrect amounts.

Child & Family Guidance Center Response:

The particular deficiency noted refers to a May 17, 2004 data entry error. In this particular case, the implementation of DMH's new IS system slightly slowed down the reconciliation process and caused this unusual problem as follows:

- The DMH CD for May 2004 billing was received by the Child & Family Guidance Center at the end of July 2004.

J. Tyler McCauley
11/24/2004
Page 2 of 3

- Billing for the month of July was completed by the DMH deadline of August 6, 2004, a Friday.
- Under usual circumstances, the Reimbursement Specialist would have begun data reconciliation the week of August 9 -13.
- However, the MH/MIS went “down” on Saturday August 7 in preparation for full implementation of the new IS System.
- The new IS system went “live” on August 10, 2004.
- As a new and very different system, our data entry and billing staff participated in extensive training with Sierra Systems and DMH staff to learn the system. Training was scheduled for a full two weeks.
- The audit found the data entry error within that two week training period on August 17, 2004. Our staff were still in training at this time, and the reconciliation process for May data was necessarily delayed due to the implementation of the new IS system. Had the Child & Family Guidance Center’s audit occurred outside of this time period, the error would have already been detected and corrected.

Issue 2: For 513 (6%) minutes of the 8,532 minutes sampled, the Agency billed DMH using a higher rate than allowed by the County contract. The Agency provided 513 minutes of Mental Health Services . . . but billed DMH using the higher Crisis Intervention rate.

Recommendation: Use the Appropriate rates to bill DMH.

Child & Family Guidance Center Response:

The Child & Family Guidance Center used the appropriate rates to bill DMH 94% of the billings audited. To improve this already significant compliance, the Child & Family Guidance Center has provided additional training to all staff on the appropriate use of the crisis billing codes, and will continue to provide this training on a regular basis.

We would also like to reiterate these billing errors represent a very small portion of billings reviewed.

Issue 3: The Agency did not maintain sufficient documentation for 439 (5%) minutes billed to DMH. Specifically for two notes totaling 429 minutes, the Agency billed DMH for providing service but the progress note did not describe what was attempted and/or accomplished by the client or service staff towards the client’s goals, as required by the County contract. In addition, one of the two billings was for multiple staff performing

J. Tyler McCauley
11/24/2004
Page 3 of 3

services simultaneous to one client, but the progress note did not describe the specific contribution of each staff.

Recommendation: Maintain sufficient documentation to support billings to DMH.

Child & Family Guidance Center Response:

We believe the Child & Family Guidance Center does maintain sufficient documentation to support its billings to DMH. The very fact that the audit found only 2 notes with less than sufficient documentation while reviewing 60 notes totaling 8,532 minutes is evidence that the Child & Family Guidance Center maintains very high documentation standards. To continue our tradition of continuous quality improvement, we have also provided additional training to clinical staff on documentation and made several changes to our progress note template. These changes automatically format the progress note to address both the client's and the therapist's work toward the client's goals, and creates a separate area to describe each staff member's service to the client when more than one staff member is present.

In summary, regarding the first recommendation, while we will redouble our efforts to insure that staff follows established procedure to detect and correct data entry errors, as explained above, the particular error noted would not have happened had IS conversion not occurred during that particular time period. That is why we believe this was an unusual one-time event. In the other two areas of recommendation (Issues 2 and 3), we believe that our policies and procedures have already resulted in excellent documentation standards, and that our increased efforts in these small areas of concern will be of benefit.

Once again, we would like to thank the auditors present at our agency for their helpfulness and open communication.

Sincerely,

A handwritten signature in black ink, appearing to read "Roy Marshall".

Roy Marshall,
President/CEO
Child & Family Guidance Center